

IRS News Release

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Industry Issue Resolution Program to Address Two New Issues

IR-2005-81, Aug. 8, 2005

WASHINGTON — The Internal Revenue Service and the Treasury Department today announced the Industry Issue Resolution (IIR) Program will address concerns relating to “member of a family receiving assistance” requirements for the Work Opportunity and Welfare to Work Tax Credits and the definition of home construction contracts.

Revenue Ruling 2003-112 provides guidance on when an individual meets the “member of a family receiving assistance” requirements. The National Employment Opportunities Network submitted a request for guidance to resolve the issues arising from the States’ interpretation of the requirements prior to the issuance of the revenue ruling.

The Construction Financial Management Association and Associate Builders and Contractors Inc. submitted a request to clarify the definition of home construction contracts, as outlined in IRC 460(e)(6)(A), primarily relating to income derived from residential real estate development that qualifies for the completed contract method of accounting.

"The IIR program provides clarity and consistency to complex tax issues, while reducing burden for taxpayers," said Large and Midsize Business Commissioner Deborah M. Nolan. "These are issues that can be resolved for groups of affected taxpayers so that they do not become contested issues during tax examinations."

Since its inception in 2000, the IIR program has resulted in resolution of many different tax issues cumulatively affecting thousands of taxpayers in many different lines of business. For each issue selected, a multi-functional team gathers and analyzes the relevant facts and recommends guidance.

At any time, business associations and taxpayers may submit tax issues that they believe could be resolved through the IIR program. IIR project selection criteria and submission procedures are outlined in Revenue Procedure 2003-36, which is available on the IRS Web site at IRS.gov. The IRS reviews submissions at least semi-annually with the next review to be completed by August 31, 2005.

Attached is detailed information regarding the issues the IRS considered during its latest review of IIR submissions.

ISSUES SUBMISSIONS FOR THE IIR PROGRAM REVIEWED - SELECTED AS A 2005 IIR PROJECT	
Cross Industry	
Issue Description: Clarification of Eligibility for Work Opportunity Credit and Welfare to Work Credit IRS Contact: Henry Singleton Industry Director, Retail, Food, Pharmaceutical and HealthCare Phone # 630-493-5900	Submitted by: Dewey Ballantine on behalf of the National Employment Opportunities Network
Construction Industry	
Issue Description: Definition of a Home Construction Contract IRS Contact: Paul Cordova Director, Field Operations, Natural Resources and Construction Industry Phone # 213-576-3604	Submitted by: Carbis Walker LLP on behalf of CFMA Associate Builders and Contractors Inc.

ISSUES SUBMISSIONS FOR THE IIR PROGRAM REVIEWED - NOT SELECTED AS A 2005 IIR PROJECT

Motor Vehicle Industry

Issue Description: Standardized Method for Interdepartmental Profit	Submitted by: Crowe Chizek and Co.
Issue Description: Alternative LIFO Method for Used Vehicles Not in Official Used Vehicle Guides	Submitted by: Crowe Chizek and Co.
Issue Description: Inventory Price Index Computation (IPIC) LIFO Method for Parts Inventory	Submitted by: Crowe Chizek and Co.
Issue Description: Dealer Provided Fuel under Rev Proc 2001-56	Submitted by: Crowe Chizek and Co.

Cross Industry

Issue Description: Equipment Rental (Diving Gear)	Submitted by: Deloitte Tax LLP
Issue Description: Stand-alone amendments to Form 941 and 945	Submitted by: National Payroll Reporting Consortium
Issue Description: Form 1099 (MISC) for Medical Payment	Submitted by: Society of Professional Benefit Administrators
Issue Description: Tax Treatment of Elders Who Invest in Fraudulent Scams	Submitted by: Bob Evans & Associates